THE UNIVERSITY OF MANITOBA GFT PENSION PLAN (1986) RETIREMENT OPTIONS

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Overview

The University of Manitoba GFT Pension Plan (1986) (the Plan) is a defined contribution plan – the benefit you receive depends on the contributions made and the investment performance of the pension fund. The Plan is one way the University has committed to helping you achieve your retirement goals. At retirement you will receive the total value of your contribution accounts – including related investment income – to provide your retirement income.

When You Can Retire

Choosing when to retire is an important decision that can have a large impact on your retirement income. Under the Plan, you have several retirement options to consider, as summarized in the table below:

Normal retirement	Your normal retirement date is the first day of the month following your 65th birthday.
Early retirement	You can retire effective the first day of any month following your 55th birthday.
Deferred retirement	You can keep working beyond your normal retirement date. However, by law, you must begin collecting your pension benefits no later than December 31st in the year you turn 71, whether you continue to work or not.

If You Retire Early

If you decide to retire early, the amount of money you will get from the Plan will be smaller than it would be if you continued to work until age 65. This is due to two primary factors:

1. You will lose out on any future contributions.
2. You will also be collecting your retirement income over a longer period, which will automatically reduce the size of your monthly income.

Deferring the Payment of Your Retirement Benefit

Depending on your age at retirement, you can elect to delay receiving your retirement benefit for up to 24 months following your retirement date. Under current tax laws, however, you must begin to receive retirement income as of December 31st of the year in which you turn 71. For more information on deferring your retirement income, please contact the Pension Office.

What You will Receive at Retirement

As outlined in the introduction to this booklet, on retirement you will receive the total value of your contribution account. This money must be transferred out of the Plan.

If You are Thinking about Retirement

Retirement can be an exciting transition for many of us. As with most employment-related matters, it requires considerable thought and even more paperwork. Please contact the Pension Office at least six months before you expect to retire.

Your Retirement Payment Options

What you receive from the Plan at retirement is one thing; how you elect to receive it is quite another. The Plan offers you several options for your retirement benefits. You can elect to transfer the value of your benefit either to:

- an insurance company to purchase a lifetime annuity, or
- a financial institution to purchase a locked-in retirement investment/income vehicle.

If you have a spouse/common-law partner on the date you start receiving your retirement income and you elect to purchase a lifetime annuity, you must, by law, select a form of pension that provides a lifetime pension to your surviving spouse/common-law partner. Under Manitoba pension rules, this survivor pension must be at least equal to 60% of the pension you were receiving at the time of your death – but you can increase it to 75% or 100% if you wish. Your pension is reduced to provide this spouse's pension; the actual reduction will be based on your age, your spouse's age and whether you choose to continue 60%, 75% or 100% of your pension.

Your spouse/common-law partner may waive his or her right to a survivor pension by signing a form. The required form is available from the Pension Office or the Manitoba Pension Commission website at **www.gov.mb.ca/labour/pension**. However, waiving the right to a survivor pension is a serious matter; you and your spouse are advised to get independent legal advice before making this decision.

Spouse/common-law Partner

Your spouse/common-law partner is the person you are married to and living with, or the person you have:

- registered a common-law relationship with under ***The Vital Statistics Act,*** or
- cohabitated with in a conjugal relationship:
  - for a period of at least three years, if either of you is married, or
  - for a period of at least one year, if neither of you is married.

If You Elect to Purchase Your Pension from an Insurance Company

The insurance company of your choice will provide an immediate annuity. An annuity provides you with a lifetime pension (and beyond depending on the type of pension you purchase).

You will be able to choose the form of pension that best suits your needs, subject to the mandatory spousal benefit mentioned previously. For example, you may choose a pension payable for your lifetime only with 60 monthly payments guaranteed. If you die before 60 monthly payments have been made, your beneficiary will receive the remaining monthly installments. Alternatively, you can choose an optional form of pension with a longer guarantee period or a pension that provides a lifetime pension to your surviving spouse/common-law partner after your death.

If You Elect to Purchase a Retirement Income/ Investment Vehicle

Instead of receiving a pension from an insurance company, you can transfer the total value of your contribution accounts to:

A Locked-in Retirement Account (LIRA)	This is essentially a locked-in RRSP, which is approved by the Pension Commission of Manitoba to receive locked-in pension funds. Under this option, you can continue to manage your money (and, ideally, to grow your benefit) until you are ready to convert it to a retirement income.
A Life Income Fund (LIF)	A LIF is designed to provide an income that will last for a lifetime. The government sets both a minimum and maximum for the payments you can receive each year from your LIF. Within this range, you can choose whatever payment stream you want. You must start receiving your retirement income no later than the end of the calendar year in which you turn 71.

These transfers will remain locked-in under current pension law. These amounts cannot be cashed-in; they must be used to provide a retirement income. In addition, your locked-in benefit entitlement remains subject to pension legislation requirements for pension sharing, survivor benefits and death benefits.

As a point of interest, a Manitoba LIF-owner who is at least 55 years of age may apply for a one-time transfer of up to 50% of the balance in one or more LIFs to a Prescribed Registered Retirement Income Fund (PRRIF). In general terms, a PRRIF is similar to a RRIF and has no limit on the maximum payment you can receive each year. For more information on PRRIFs, we recommend that you speak with your financial advisor.